

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01431A
Valle Verde Water Company
c/o Southwestern Utility Management, LLC
P.O. Box 85160
Tucson, AZ 85754

MAILED
JUN 15 2011

RECEIVED
JUN 15 2011

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
-----------	-----------	-------------

FOR COMMISSION USE

ANN 04	10
---------------	-----------

3-7-11

COMPANY INFORMATION

Company Name (Business Name) Valle Verde Water Company

Mailing Address P.O. Box 85160

(Street)

Tucson

(City)

AZ

(State)

85754

(Zip)

520-623-5172

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address P.O. Box 85160

(Street)

Tucson

(City)

AZ

(State)

85754

(Zip)

520-623-5172

Local Office Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

☐ **Regulatory Contact:**

☒ **Management Contact:** Southwestern Utility Management, Inc. Manager

(Name)

(Title)

2102 N. Forbes, #107

(Street)

Tucson

(City)

AZ

(State)

85745

(Zip)

520-623-5172

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

On Site Manager: Vincente Silva

(Name)

627 E. Frontage Road

(Street)

Nogales

(City)

AZ

(State)

85621

(Zip)

520-300-1234

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Statutory Agent: Catalina S. Randall

(Name)

12769 W. Daffodil Place

(Street)

Tucson

(City)

AZ

(State)

85745

(Zip)

520-281-9272

Telephone No. (Include Area Code)

520-281-0472

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☐ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co-op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☒ **Other (Describe)** Estate

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☐ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☒ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises	125	125	---
303	Land and Land Rights	86093	---	86093
304	Structures and Improvements	506514	286234	220280
307	Wells and Springs	613532	160612	452920
311	Pumping Equipment	320157	167149	153008
320	Water Treatment Equipment	13967	7471	6496
330	Distribution Reservoirs and Standpipes	366501	196153	170348
331	Transmission and Distribution Mains	729894	434266	295628
333	Services	78052	52965	25087
334	Meters and Meter Installations	98738	66031	32707
335	Hydrants	35007	27118	7889
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	16552	12327	4225
341	Transportation Equipment	71365	44019	27346
343	Tools, Shop and Garage Equipment	12064	3549	8515
344	Laboratory Equipment			
345	Power Operated Equipment	44869	22359	22510
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	139758	39388	100370
	TOTALS	3133188	1519766	1613422

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises	125	---	---
303	Land and Land Rights	86093	---	---
304	Structures and Improvements	506514	3.33%	7588
307	Wells and Springs	613532	3.33%	15601
311	Pumping Equipment	320157	5%	8053
320	Water Treatment Equipment	13967	5%	342
330	Distribution Reservoirs and Standpipes	366501	5%	8966
331	Transmission and Distribution Mains	729894	2.00%	6033
333	Services	78052	3.33%	864
334	Meters and Meter Installations	98738	8.33%	2518
335	Hydrants	35007	2.00%	161
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	16552	6.67%	302
341	Transportation Equipment	71365	5%	1439
343	Tools, Shop and Garage Equipment	12064	5%	448
344	Laboratory Equipment			
345	Power Operated Equipment	44869	5%	1185
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	139758	5%	5283
	TOTALS	3133188		58783

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

Less: Amortization of Contributions in Aid of Construction
 *Depreciation for 2010 is calculated on O.C.L.D.

(44883)
\$13900

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	16544	6204
134	Working Funds		
135	Temporary Cash Investments	183093	133359
141	Customer Accounts Receivable	105392	87063
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	305029	226626
	FIXED ASSETS		
101	Utility Plant in Service	3101616	3133188
103	Property Held for Future Use	17917	40936
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(1460983)	(1519766)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	1658550	1654358
	TOTAL ASSETS	1963579	1880984

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	247947	256194
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	2000	18642
235	Customer Deposits	32485	26740
236	Accrued Taxes	3189	9703
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	9875	6836
	TOTAL CURRENT LIABILITIES	295496	318115
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	1518730	1479835
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	939010	968477
272	Less: Amortization of Contributions	(70826)	(115709)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	2386914	2332603
	TOTAL LIABILITIES	2682410	2650718
	CAPITAL ACCOUNTS		
201	Common Stock Issued		
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	(718831)	(769734)
	TOTAL CAPITAL	(718831)	(769734)
	TOTAL LIABILITIES AND CAPITAL	1963579	1880984

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	435451	401713
460	Unmetered Water Revenue		
474	Other Water Revenues	2800	37090
	TOTAL REVENUES	438251	438803
	OPERATING EXPENSES		
601	Salaries and Wages	80265	90680
610	Purchased Water	401	---
615	Purchased Power	40581	3670
618	Chemicals	3701	35506
620	Repairs and Maintenance	76498	51436
621	Office Supplies and Expense	20556	62037
630	Outside Services	149166	123623
635	Water Testing	17338	20269
641	Rents		
650	Transportation Expenses	6189	9574
657	Insurance – General Liability	9287	12582
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	7272	32746
675	Miscellaneous Expense	---	1093
403	Depreciation Expense	36125	13900
408	Taxes Other Than Income	9495	11950
408.11	Property Taxes	12381	17676
409	Income Tax		
	TOTAL OPERATING EXPENSES	469255	486742
	OPERATING INCOME/(LOSS)	(31004)	(47939)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income		
421	Non-Utility Income	6218	(1154)
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(832)	(1810)
	TOTAL OTHER INCOME/(EXPENSE)	5386	(2964)
	NET INCOME/(LOSS)	(25618)	(50903)

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	<u>\$ 2302.94</u>
--	-------------------

Meter Deposits Refunded During the Test Year	<u>\$ 520.09</u>
--	------------------

COMPANY NAME Valle Verde Water Water**Name of System:** East System**ADEQ Public Water System Number:** 12-009**WATER COMPANY PLANT DESCRIPTION****WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-617053 (well #1)	30	200	105	12	4	1954
55-617054 (well #2)	30	350	260	16	6	1972
55-617055 (well #3)	15	130	220	12	3	1971
55-513789 (well #4)	10	70	203	12	3	1987
55-801847 (well #7)	30	400	93	10	4	1933

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
n/a		13	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
n/a		7,000	1
		3,000	2/2 (well #3 & well #7)
		7,500	1
		10,000	1
		2,000	1
		200	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Valle Verde Water Company	
Name of System: West System	ADEQ Public Water System Number: 12-025

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-500951 (well #5)	50	350	400	16	6	1982
55-502001 (well #6)	40	800	450	16	6	1982
55-582348 (well 10)	n/a	450	290	12	6	2001

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
15/well #10	2	32	
30/well #10	3		
25/well #6	2		
50/well #6	1		
100/well #6	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
800,000/well #6	1	10,000/well #5 & 6	2
200,000/well #10	1	7,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Valle Verde Water Company		
Name of System: East System	ADEQ Public Water System Number: 12-009	

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	4,361
3		
4	PVC	38,391
5		
6	PVC	4,117
8		
10		
12		
6	PVC	1,600
6	PVC	2,350
4	PVC	100

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	318
3/4	405
1	38
1 1/2	3
2	10
Comp. 3	5
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT: 2 Chlorinators, GAC System

STRUCTURES: Office 12'x12'
GAC fence 42'x22'
Chlorinator room 3x5
Well #1 bldg 24x24
House 32x76

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Valle Verde Water Company

Name of System: West System

ADEQ Public Water System Number: 12-025

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	1,222
5		
6	PVC	2,913
8	PVC	10,372
10		
12	PVC	1,770

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	69
3/4	5
1	9
1 1/2	
2	10
Comp. 3	2
Turbo 3	
Comp. 4	1
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT: 2 Chlorinators

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: <u>Valle Verde Water Company</u>	
Name of System: <u>East System</u>	ADEQ Public Water System Number: <u>12-009</u>

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	733	5310	5899	0
FEBRUARY	711	4230	5496	0
MARCH	695	3543	4507	0
APRIL	725	3236	3783	0
MAY	741	5469	6619	0
JUNE	736	5727	6819	0
JULY	721	7081	8791	0
AUGUST	713	4523	5194	0
SEPTEMBER	715	4928	4876	0
OCTOBER	712	5092	5934	0
NOVEMBER	705	3557	5086	0
DECEMBER	726	5110	7179	0
TOTALS →		57806	70183	0

What is the level of arsenic for each well on your system? 0.009 & 0.003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for ____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ (X) Yes ☐ () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☒ (X) Yes ☐ () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☒ (X) Yes ☐ () No

If yes, provide the GPCPD amount: 121

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: <u>Valle Verde Water Company</u>	
Name of System: <u>West System</u>	ADEQ Public Water System Number: <u>12-025</u>

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	90	1321	1548	0
FEBRUARY	90	1139	1337	0
MARCH	90	1086	1388	0
APRIL	91	1954	3345	0
MAY	93	3260	3727	0
JUNE	99	3638	3727	0
JULY	97	5034	5392	0
AUGUST	92	1822	1977	0
SEPTEMBER	93	2215	2346	0
OCTOBER	92	3343	3532	0
NOVEMBER	93	2218	1874	0
DECEMBER	95	3223	3749	0
TOTALS →		30253	33942	0

What is the level of arsenic for each well on your system? 0.008, 0.013, 0.003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(X) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
(X) Yes () No

If yes, provide the GPCPD amount: 121

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: <u>Valle Verde Water Company</u>	
Name of System: East System	ADEQ Public Water System Number: 12-009

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		16	
FEBRUARY		39	
MARCH		29	
APRIL		49	
MAY		22	
JUNE		6	
JULY		0	
AUGUST		26	
SEPTEMBER		38	
OCTOBER		28	
NOVEMBER		16	
DECEMBER		33	
TOTALS →	0	302	

OTHER (description):

COMPANY NAME: <u>Valle Verde Water Company</u>	
Name of System: West System	ADEQ Public Water System Number: 12-025

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		5	
MARCH		4	
APRIL		5	
MAY		3	
JUNE		0	
JULY		0	
AUGUST		0	
SEPTEMBER		3	
OCTOBER		4	
NOVEMBER		1	
DECEMBER		4	
TOTALS →	0	31	

OTHER (description):

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 17676.16

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) PIMA
NAME (OWNER OR OFFICIAL) TITLE BONNIE O'CONNOR, MANAGER
COMPANY NAME VALLE VERDE WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

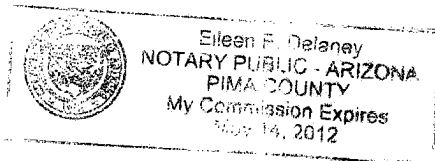
MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.




SIGNATURE OF OWNER OR OFFICIAL

520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

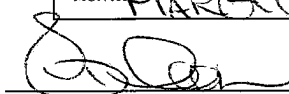
THIS

4th

DAY OF

COUNTY NAME PIMA	
MONTH MARCH	YEAR 2011

(SEAL)



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES May 14, 2012

COMPANY NAME VALLE VERDE WATER COMPANY

YEAR ENDING 12/31/2010

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported -0-
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported -0-
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

Bonnie O'Connor
PRINTED NAME

3/3/11
DATE

Manager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) PIMA
NAME (OWNER OR OFFICIAL) TITLE BONNIE O'CONNOR, MANAGER
COMPANY NAME VALLE VERDE WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 477176


(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 38373
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

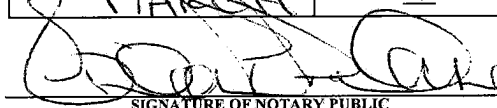

SIGNATURE OF OWNER OR OFFICIAL
520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS  NOTARY PUBLIC, ARIZONA
My Commission Expires May 14, 2012
(SEAL)

DAY OF

COUNTY NAME PIMA	
MONTH MARCH	YEAR 2011
 SIGNATURE OF NOTARY PUBLIC	

MY COMMISSION EXPIRES May 14, 2012

See Accountants' Report.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

**I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) PIMA
NAME (OWNER OR OFFICIAL) TITLE BONNIE O'CONNOR, MANAGER
COMPANY NAME VALLE VERDE WATER COMPANY

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 301210.80

**THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 25458.43
IN SALES TAXES BILLED, OR COLLECTED)**

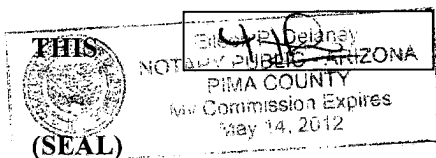
***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

520-623-5772
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

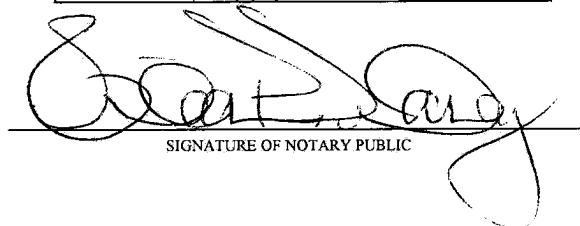
A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF

NOTARY PUBLIC NAME EILEEN DELANEY	
COUNTY NAME PIMA	
MONTH MARCH	2011

MY COMMISSION EXPIRES MAY 14, 2012


SIGNATURE OF NOTARY PUBLIC

If your mortgage company makes your property tax payments, consider this notice as a courtesy copy for your records only.

(ARS 42-18052 and ARS 42-18053)

May 2, 2011 at 5:00 PM

month for payments postmarked after

prorated monthly as of the 1st day of the

Penalty for late payment is 16% per year

Delinquency Date Second Half Payment

Parcel Number 113-43-017 4 Roll Number 0015105

VALLE VERDE WATER COMPANY

Due March 1, 2011

2010 SECOND HALF PAYMENT COUPON

DETACH AND RETURN WITH PAYMENT

Make check payable to

Payment in U.S. FUNDS ONLY

Caesar Ramirez
Santa Cruz County Treasurer
PO Box 1150
Nogales, AZ 85628

2

PARCEL #

113-43-017 4

0102

6.5342

4.7730

0.0000

TAX SUMMARY

PROPERTY TAX	31.35
STATE AND LOCAL EDUCATION	0.00
NET PROPERTY TAX	31.35
SECOND NET PROPERTY TAX	22.91
SECOND DISTRICT TAX	0.00
TOTAL TAX DUE	54.26

ASSETS	VALUE	TAX
STANDARD RESIDENCE	3,000	16.9
IMPROVED PERSONAL PROPERTY		0.0
IMPROVED TOTALS	3,000	16.9
LAND	3,000	16.9
LAND IMPROVEMENTS, ETC.		0.0
LAND IMPROVEMENTS TOTAL	3,000	16.9

ACREAGE

0.00

EXEMPTION

2009

TAXES

2010

TAXES

0015105

SITUS ADDRESS

LEGAL DESCRIPTION

WATER PLANT PARCEL (00040 SF) WELLS (57200 SF) W
ELL #8(8401 SF) IN SEC 23 T20S R03E

02000 SANTA CRUZ COUNTY
02001 STATE SCHOOL TAX EQU
07001 NOGALES SD #1
08150 SCC COMMUNITY COLLEG
11203 RIO RICO FD
11900 FIRE DISTRICT ASSIST
15001 SANTA CRUZ COUNTY FC

13.89	13.53
1.59	1.71
20.81	21.13
0.00	0.34
14.39	14.36
0.48	0.48
2.78	2.71

This is the only notice you will receive.

Caesar Ramirez
Santa Cruz County Treasurer
PO Box 1150
Nogales, AZ 85628

*Received 10-5
entered 10-5*

THIS IS A
CALENDAR YEAR
TAX NOTICE

TOTALS

53.94

54.26

113-43-017 4

100923 12 R ADD05 00112



VALLE VERDE WATER COMPANY
RANDALL WILLIAM F
P O BOX 85160
TUCSON, AZ 85754

PAYMENT INSTRUCTIONS

To pay the 1st half installment and full year tax notices of \$100 or less, send the 1st half coupon with your payment postmarked no later than Nov 1, 2010. To pay 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 2, 2011. To pay taxes for the full year if the entire amount billed exceeds \$100, send the 1st half coupon with your payment postmarked no later than Jan. 3, 2011, and no interest will be charged for the current year.

Make your check payable to and mail to:
Caesar Ramirez
Santa Cruz County Treasurer
PO Box 1150
Nogales, AZ 85628

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK

2010 928301500 2 0000003994000000785988

Caesar Ramirez
Santa Cruz County Treasurer
PO Box 1150
Nogales, AZ 85628



129283015000020100000003994000000785988



If your mortgage company makes your property tax payments, consider this notice as a courtesy copy for your records only.

Delinquency Date: Second Half Payment
Penalty for late payment is 15% per year
prorated monthly as of the 1st day of the
month for payments postmarked after
May 2, 2011 at 5:00 PM
(ARS 42-18052 and ARS 42-18053)

3,929.94

Caesar Ramirez
Santa Cruz County Treasurer
PO Box 1150
Nogales, AZ 85628

Due March 1, 2011
VALLE VERDE WATER CO
Parcel Number: 928-30-150 8 Roll Number: 0042937

2

Make check payable to: Payment in U.S. FUNDS ONLY

DETACH AND RETURN WITH PAYMENT

PROPERTY TAX NOTICE

PARCEL #	0150	6.5342	1.7805	0.0000	0.00	0.00
928-30-150 8						
ASSESSMENTS	LAND	IMPROVEMENTS	ADDITIONAL	EXEMPTIONS	TOTAL	TAXES
BLDG, LAND, BLDG ETC	181,071	22.0	38,025	6,5342	2,494.63	6,445.60
IMPROVEMENTS	288,663	21.0	60,619	6,5342	3,560.97	0.00
LAND TOTALS	469,734		98,644		6,055.60	6,445.60
BLDG, LAND, BLDG ETC		0.0	18,312	1,7805	262.03	1,414.28
IMPROVEMENTS		0.0	19,693	1,7805	282.34	0.00
LAND TOTALS		23.0	38,005	1,2162	544.37	0.00
BLDG, LAND, BLDG ETC	288,663		60,619		1,414.28	7,859.88
IMPROVEMENTS	218,663		98,644			

0042937

SITUS ADDRESS

LEGAL DESCRIPTION

02000 SANTA CRUZ COUNTY
02001 STATE SCHOOL TAX EQU
07001 NOGALES SD #1
08150 SCC COMMUNITY COLLEG
11900 FIRE DISTRICT ASSIST
15001 SANTA CRUZ COUNTY FC

2,518.76
287.58
3,770.76
0.00
86.99
225.47

2,783.24
351.57
4,342.90
68.95
99.64
214.58

This is the only notice you will receive.

Caesar Ramirez
Santa Cruz County Treasurer
PO Box 1150
Nogales, AZ 85628

THIS IS A
CALENDAR YEAR
TAX NOTICE

928-30-150 8
100923-12 R ADD11 01/62



VALLE VERDE WATER CO
C/O SOUTHWESTERN UTILITY MANAGEMENT
2102 N FORBES BLVD., SUITE 107
TUCSON, AZ 857450000

TOTALS

6,889.56 7,859.88

PAYMENT INSTRUCTIONS

To pay the 1st half installment and full year tax notices of \$100 or less, send the 1st half coupon with your payment postmarked no later than Nov 1, 2010. To pay 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 2, 2011. To pay taxes for the full year if the entire amount billed exceeds \$100, send the 1st half coupon with your payment postmarked no later than Jan. 3, 2011, and no interest will be charged for the current year.

Make your check payable to and mail to:
Caesar Ramirez
Santa Cruz County Treasurer
PO Box 1150
Nogales, AZ 85628

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK

HOLM, HESTAND & VALENZUELA, CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
3131 NORTH COUNTRY CLUB ROAD, SUITE 109
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA
EMMA K. HESTAND, CPA
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483
FAX: (520) 795-5191
E-MAIL: HHVCPA@EARTHLINK.NET

To the Board of Directors
Valle Verde Water Company
Tucson, AZ 85745

We have compiled the balance sheets of Valle Verde Water Company, as of December 31, 2010 and 2009 and the related statements of income and expense for the years then ended included in the accompanying prescribed form. We have also compiled the supplementary information presented in the prescribed form. We have not audited or reviewed the accompanying financial statements and supplementary information, and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information are in accordance with the form prescribed by the Arizona Corporation Commission--Utilities Division.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary information in accordance with requirements prescribed by the Arizona Corporation Commission--Utilities Division and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary information.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Arizona Corporation Commission--Utilities Division and is not intended to be and should not be used by anyone other than this specified party.

Holm, Hestand, Valenzuela CPAs P.C.

February 14, 2011